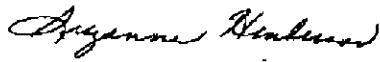


Electronically Recorded

Official Public Records



Suzanne Henderson

Tarrant County Texas

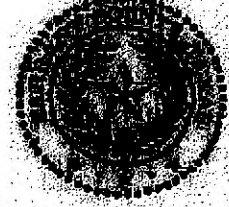
2008 Jul 31 10:25 AM

Fee: \$ 28.00

Submitter: SIMPLIFILE

D208297673

4 Pages



CHEAPEAKE ENERGY CORP.
ATTN: RECORDING TEAM
P.O. Box 18496
Oklahoma City, OK 73154

Submitter: Chesapeake Operating, Inc.

SUZANNE HENDERSON
TARRANT COUNTY CLERK
TARRANT COUNTY COURTHOUSE
100 WEST WEATHERFORD
FORT WORTH, TX 76196-0401

DO NOT DESTROY
WARNING - THIS IS PART OF THE OFFICIAL RECORD.

ELECTRONICALLY RECORDED
BY SIMPLIFILE

By: _____

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE
OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR
RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

D208297673

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Producers 88 (4-89) — Paid Up
With 640 Acres Pooling Provision

10184219

**PAID UP OIL AND GAS LEASE
(No Surface Use)**

THIS LEASE AGREEMENT is made this 2nd day of February, 2008, by and between North Texas Fixture Company, Inc., by its duly authorized agent, whose mailing address is P.O. Box 483, Chico, Texas 76431 and CHESAPEAKE EXPLORATION, L.L.C., an Oklahoma limited liability company, P.O. Box 18496, Oklahoma City, Oklahoma 73154-0496, as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:

ABSTRACT NO.: 1552 SURVEY NAME: M. Townsend

.5520 acres, more or less, a part of the Moses Townsend Survey, A-1552, being all of Lot No. 3D2, Gary Addition, an addition to the City of Lake Worth, Texas, as shown on that certain plat thereof, recorded in Plat Cabinet A, Slide 4739 of the Plat Records of Tarrant County, Texas, and being more particularly described in that certain Deed dated May 29, 2007, from S & J Quality Transport to North Texas Fixture Company, Inc, recorded as file #D207222849 of the Official Public Records of Tarrant County, Texas.

in the county of Tarrant, State of TEXAS, containing .5520 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith (including geophysical/seismic operations). The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of **Three (3) years** from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be **25%** of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be **25%** of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of either producing oil or gas or other substances covered hereby in paying quantities or such wells are waiting on hydraulic fracture stimulation, but such well or wells are either shut-in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut-in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in at lessor's address above or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the US Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. Except as provided for in Paragraph 3. above, if Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after

ACKNOWLEDGMENT

STATE OF TEXAS

COUNTY OF _____

This instrument was acknowledged before me on the _____ day of _____, 20____, by _____

Notary Public, State of Texas
Notary's name (printed):
Notary's commission expires:

CORPORATE ACKNOWLEDGMENT

STATE OF TEXAS

COUNTY OF _____

This instrument was acknowledged before me on the _____ day of _____, 20____, by _____ of _____ a _____ corporation, on behalf of said corporation.

Notary Public, State of Texas
Notary's name (printed):
Notary's commission expires:

RECORDING INFORMATION

STATE OF TEXAS

County of _____

This instrument was filed for record on the _____ day of _____, 20____, at _____ o'clock _____ M., and duly recorded in

Book _____, Page _____, of the _____ records of this office.

By _____
Clerk (or Deputy)

Exhibit "A"

Attached to and made a part of that certain Paid Up Oil and Gas Lease dated February 2, 2008, from North Texas Fixture Company, Inc., by its duly authorized agent to Chesapeake Exploration L.L.C., an Oklahoma limited liability company, covering .5520 acres of land in Tarrant County, Texas. Notwithstanding anything above to the contrary, the below shall apply and supersede any contrary provisions in the printed form

16. **Indemnity.** Lessee agrees to indemnify and hold harmless Lessor, Lessor's heirs, representatives, successors and assigns against all expenses, claims, demands, liabilities and causes of action of any nature for injury to or death of persons and loss or damage to property including, without limitation, reasonable attorney's fees, expert fees and court costs, caused by Lessee's operations on the land or Lessee's marketing of production from the lease or any violation of any environmental requirements by Lessee, as used in this paragraph, the term "Lessee" includes Lessee, its agents, employees, servants, contractors, and any other person acting under its direction and control, and its independent contractors.

17. Notwithstanding anything to the contrary contained in the printed form to which this Exhibit is attached, it is understood and agreed between Lessor and Lessee, that there will be no surface operations for oil and gas upon the above described lands without the express written consent of the surface owner; however, Lessee shall have the right to drill under, or through, produce from and inject substances into the subsurface of the lands covered by this lease, from wells which are located on lands pooled therewith.

18. Lessee will, protect, defend, indemnify and save Lessor harmless from and after the effective date of this lease from any and all losses, claims, causes of action and demands of any kind or character arising from and after the effective date of this lease, in favor of any person or entity for any reason whatever, directly relating to or incidental to Lessee's operations on the leased premises.

19. There is excepted herefrom and reserved to the Lessor herein all uranium, fissionable materials and clay-like substances. It is specifically understood and agreed that this lease covers only oil, gas and other minerals produced in association therewith or incidental thereto, but this lease does not cover or include any other minerals, with all other such minerals being reserved to the Lessor herein.

20. In the event that Lessor gives future permission for any operations, as an integral consideration of this lease, Lessee agrees to restore the surface of the above described land to as original a condition as reasonably practicable, from all damages caused from operations herein described. Lessee agrees to pay for actual damages caused from the operations herein described, for growing crops, trees, livestock, pasture land, and shall repair or replace any structures or fences, so damaged.

21. One (1) year subsequent to the expiration of the primary term, this lease shall expire as to all depths one hundred (100') feet below the deepest formation then producing or capable of producing oil and/or gas in paying quantities from any well drilled on the leased premises or on lands with which the leased premises have been pooled or unitized.

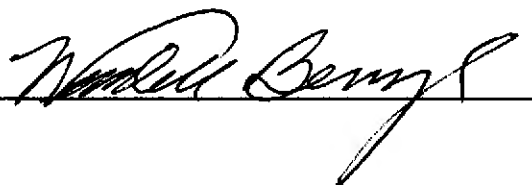
22. Lessee shall pay to the Lessor the royalties a reasonable time after a well is completed as a producing well, and in any event within (60) days after the proceeds from the sale of production have been released to Lessee by purchaser of such production.

23. Notwithstanding anything contained herein to the contrary, the right to maintain this lease by shut-in payments is a recurring right, however, it is understood and agreed that if a well is shut-in at Lessee's sole election, the right to maintain the lease by shut-in payments shall be limited to a duration not to exceed one (1) years from the date the well is shut-in.

24. Upon written request by Lessor, Lessee agrees, during normal business hours, to allow Lessor, or Lessor's authorized representatives, to review, free of cost at Lessee's office, all pertinent financial accounting and payment records pertaining to operations conducted on the leased premises, such review to be conducted on an annual basis.

25. It is agreed between the Lessor and Lessee that, notwithstanding any language herein to the contrary, all oil, gas or other proceeds accruing to the Lessor under this lease or by state law shall be without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and marketing the oil, gas and other products produced hereunder to transform the product into marketable form; however, any such costs which result in enhancing the value of the marketable oil, gas or other products to receive a better price may be deducted from Lessor's share of production so long as they are based on Lessee's actual cost of such enhancements. However, in no event shall Lessor receive a price that is less than, or more than, the price received by Lessee. Lessor shall pay its proportionate share of all State, County and Federal taxes due by virtue of this lease.

Signed for Identification

By: 

Record & Return to:
Chesapeake Operating, Inc.
P.O. Box 18496
Oklahoma City, OK 73154